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What the Industry Reads First

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Pressing Ahead: Peacock Launch On Track Despite Coronavirus

Despite global interruptions due to the COVID-19 pandemic, NBCUniversal's streaming service **Peacock** will move forward with an early preview launch Wednesday for **Comcast** subs on Xfinity X1 and Flex platforms in a free, ad-supported tier. And the streamer continues to target a July 15 nationwide launch, with the possibility of an even earlier rollout. "We feel even more strongly we need to bring Peacock as quickly to market as possible," *Matt Strauss*, chmn of Peacock and NBCU digital enterprises, said during a call with reporters Tuesday. "To go even faster is something we're evaluating, but this is a longer-term strategy. We're all really unclear on exactly when certain things are going to go back to normal." Strauss said that despite the coronavirus, the streamer remains on track to hit financial and usage targets. "When we shared our strategy for Peacock a few months ago, none of us could have imagined the unprecedented and historic events brought about by the coronavirus." He said there has been "no material change" to initial usage and financial guidance, which the company forecast in January as 30-35mln active users by 2024. Part of that is thanks to "long-term" deals with 10 advertising launch sponsors. Strauss declined to state the length of the deals, but said they were "more than two or three months." "We put it in place intentionally to give them time to work with us and our product and innovations," said Strauss. "There's a huge increase in TV viewing and streaming and we believe there is this void of premium ad-supported content in the streaming market." The early preview of Peacock's ad-supported tier rolls out to Comcast's TV and broadband customers at no additional cost, and Strauss said it will be fully available across Comcast's footprint by the end of April. The July 15 national rollout will see Peacock free for **Cox** subs, and it will be available on mobile, web and connected-TV platforms. A free, ad-supported tier will be available with about half the content of Peacock Premium, which retails for \$4.99/month. An ad-free version of Premium costs \$10/month. Peacock has been forced to significantly pivot its programming strategy, part of which was tied to the 2020 Summer Olympics. The streamer has also been forced to push the majority of its upcoming originals to 2021 due to production shutdowns. Still, Strauss remains optimistic that a number of originals will be complete for the July 15 launch, including "Brave New World" and reboots of "Punky Brewster" and "Saved by the Bell." The streamer's late-night strategy is also shifting. Segments from "The Tonight Show: At Home Edition" with Jimmy Fallon and "Late Night with Seth Meyers" will be available starting at around 9:30pm. NBCU previously had said

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full episodes would be available. According to Strauss, the pandemic may have even helped Peacock long-term. “We feel really good about our strategy, and candidly even more excited and encouraged about the demand for a quality, free ad-supported service,” he said. Comcast has seen a 50% YOY increase in on-demand consumption, and a 250% jump in voice remote searches for free content. “If there is such a thing as a silver lining in the current environment, we continue to look for the positives,” said Strauss. “What’s postponed for 2020 will come back to us even bigger in 2021, when Peacock will arguably be hitting its stride.” The return of live sports, including the Ryder Cup, the Premier League, a new NFL Wild-card game and the Olympics, are timed with Peacock’s exclusive streaming rights to “The Office” and launch of most of its originals. For the July launch, Peacock will be available in 24mIn US homes between Comcast and **Cox**. NBCU has not announced any additional distribution deals, though Strauss said there are “pretty active” discussions with other pay-TV providers. “We have gotten a lot of really positive feedback from many distributors,” he said.

(Virtual) NFL Draft: ESPN’s 40th anniversary of presenting the NFL Draft takes place next week, and it’s safe to say things will look a little different this year. In partnership with **NFL Network**, approximately 180 video feeds will be coming into ESPN’s headquarters in Bristol, CT. “We’ve grouped them, and we’re running them through video call centers that will collect them all and send them onto ESPN in batches and smaller groups to make it manageable,” said NFL Network’s svp, programming and production *Mark Quenzel* during a call with reporters on Tuesday. The draft will be virtual, and heavily reliant on technology. ESPN’s production vp *Seth Markman* said in his nearly 27 years with ESPN, this is the most complicated event he has ever been involved with. “The coordination that it’s taking, the magnitude of the event that we need to do here, and the amount of feeds that are coming in, the technology that we need to use,” said Markman. “I just don’t know what I can compare it to.” ESPN and NFL Network are working together to produce a single event, with a different broadcast slated for **ABC**. In years past, ESPN and NFL Net have had separate broadcasts, but with the colossal effort involved, the teams agreed a joint venture made more sense. The goal is for all technology to be self-installed by players, coaches and managers in order to comply with social distancing guidelines, and almost all hardware has been sent out or is in the process of being sent out. “The vast majority of this, all of it in fact, is designed so that we can have all of these cameras installed and up and running. We’re talking with cable providers trying to increase the bandwidth as much as possible so that signals are stronger,” said Quenzel.

Charter Reports Customer Gains During COVID-19: Just a few weeks ahead of its 1Q earnings report, **Charter** offered a peek into the response it has seen to its 60-day free internet offer for new customers with students or educators in the household. In an 8-K, the company said some 119K new accounts could be attributed to the of-

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fer during the month of March. It also said that overall connects not related to the deal were up YOY. Still, Charter warned against getting overly optimistic by the early numbers. “We cannot predict the ultimate impact of COVID-19 on our business, including from an economic impact to our residential and business customers’ ability to pay for our products and services,” Charter said in the SEC filing.

Roku Offers Early Look at 1Q20 Results: Roku withdrew its full-year outlook Tuesday while offering investors an early look at its numbers for the first quarter. “While we believe that our offerings to consumers, content providers and advertisers will enable our company to deliver value in these uncertain times, the wider business and consumer impacts, as well as the duration of the pandemic, are unclear and thus we are withdrawing our prior 2020 outlook,” Roku CFO *Steve Louden* said in a statement. The company reported an estimated 39.8mln active accounts as of March 31, an increase of nearly 3mln since the end of 2019. Roku believes 1Q streaming hours will total 13.2bln, up 49% YOY. Roku completed the rollout of its “Are you still watching” feature early in the quarter, and that has moderated streaming hour growth. On the other hand, the large numbers of folks sheltering at home due to the COVID-19 pandemic has meant an increase in viewing and accelerated new account growth.

DISH Target Dropped Due to COVID-19: *MoffettNathanson* lowered its target price for **DISH** to \$15 from \$30 in light of the COVID-19 pandemic and the challenges of building a wireless business from the ground up. “DISH’s entry into the pre-paid wireless business would have been challenging even under the best of circumstances. These aren’t the best of circumstances,” *MoffettNathanson* said in a note. It also had concerns about the outlook for DISH’s satellite TV business should the growing number of unemployed folks begin dropping their subscription services. “The COVID-19 crisis will almost certainly exacerbate Pay TV subscriber declines,” the firm said. “That is the case not only because there are currently no sports on the air—we’ve consistently called sports the ‘glue’ that holds the Pay TV bundle together—but also because both unemployed and underemployed Americans will be hard pressed to find costs to cut.”

Warner Backs TV White Spaces: Sen *Mark Warner* (D-VA) offered his support Tuesday for a proposed **FCC** rule that would allow for greater utilization of TV white space technology, which can be used to bring affordable internet to rural Americans. In a letter to the Commission, Warner encouraged the FCC to quickly adopt final rules, especially as more people than ever before are expected to work and learn from their homes. He also said the technology has already proven successful in Virginia. A pilot program in Claudville, VA, connected everything from homes to the post office. “In order to swiftly eliminate the digital divide, we must support sound policy that maximizes the use of innovative technologies and promotes efficient spectrum use in rural areas,” Warner wrote.

News, Religious Programs Win March: News programming received a surge in viewership through the month of March as COVID-19 forced the **NCAA** to cancel its annual March Madness basketball tournaments. According to TV measurement firm **605**, viewers who watched March Madness in 2019 increased their news viewership by 32.3%. Breaking that number down by network, 64.8% more households are watching **CNN**, an additional 36.7% more are watching **Fox News** and 11.7% more are watching **MSNBC**. And with more folks forced to stay home on Sunday mornings through the Easter season, many have turned to religious programming to fill the void. Average household viewership was 44.5% higher in the last week of March compared to the first week.

Pennsylvania Receives CAF II Funding: The **FCC** authorized more than \$2.6mln in CAF II funding over 10 years to expand broadband in rural northwest Pennsylvania with **Armstrong Telecommunications** the benefactor. Armstrong has committed to providing broadband at speeds of at least 1 Gbps/500 Mbps to an estimated 1,949 unserved rural homes and businesses in Crawford, Erie, and Mercer counties.

Locast in Puerto Rico: **Locast** is now offering a dozen local TV channels via the internet across Puerto Rico. Viewers in the Puerto Rico DMA will be able to access their locally-produced broadcast TV via the Locast app or the service’s website. Locast is also offering multi-language support, giving Spanish-language access to the app’s user interface, log-in screens and program guide.

Distribution: **Tubi** is rolling out its Tubi Kids app on Android. The app, which features over 5K hours of age-appropriate content, will be available to all Android users in the coming days. Tubi Kids is already available on **Roku**, **Fire TV** and on **Comcast’s** X1 platform.

People: *Candy Lawson* joined **Comcast Corp** as svp/chief compliance officer and senior deputy general counsel. Lawson last served as svp/deputy general counsel and group chief compliance officer at **21st Century Fox**. -- **Ciena** named *Mary Yang* svp/chief strategy officer. Yang most recently served as vp, corporate and business development at **NIO** and has previously held senior leadership roles at **Cisco**, **Fortinet** and **Nortel**.